U.S. HOUSE OF REPRESENTATIVES

NATURAL RESOURCES COMMITTEE REPUBLICANS

CONGRESSMAN DOC HASTINGS, RANKING MEMBER

Basic Facts on the CLEAR Act (H.R. 3534)

- The CLEAR Act is being sold as a response to the Gulf oil spill crisis, yet the bill itself stretches far beyond addressing this tragedy to include page after page of provisions that are unrelated to the oil spill, will kill American jobs, and are premature by acting before Congress has the full facts from the numerous ongoing investigations into the Deepwater Horizon explosion and spill.

- The Obama Moratorium on deepwater drilling has already cost tens of thousands of jobs and this bill will eliminate even more American energy jobs by making it harder and more expensive to produce American energy both onshore and offshore. The Gulf spill has already taken a terrible economic toll on the Gulf Coast and affected businesses across the country – and Congress shouldn't enact laws that impose even further economic harm and lead to thousands of more lost jobs.

- Reforms are clearly needed to make American offshore drilling the safest in the world, but this bill gets ahead of the facts in a rush to write new laws. The investigations need to be completed so that Congress can act intelligently. For example, the Deepwater Horizon rig's blowout preventer that is supposed to be a fail-safe device to prevent any spill is still a mile under the ocean – it needs to be retrieved and examined. The focus must be on permanently stopping the leak, cleaning up the oil, assisting Gulf Coast communities, holding BP 100% accountable, and getting to the bottom of all that went wrong. To ensure it makes the right reforms, Congress must <u>first</u> know exactly what caused and contributed to this disaster.

- With this bill, Democrats are exploiting the Gulf oil spill tragedy as a political opportunity to push through provisions that are unrelated to the spill response or reforms to offshore drilling. The latest version of the CLEAR Act:

    - Imposes job-killing changes and higher taxes for <u>onshore</u> natural gas and oil production. It fundamentally changes leasing onshore by the Forest Service and Bureau of Land Management, which affects not just leasing for natural gas and oil, but also for renewable energy including wind and solar. Forest Service and BLM leasing are shoved into the three new agencies that are replacing the former Minerals Management Service (MMS).

    - Creates over $30 billion in new <u>mandatory</u> spending for two programs that have nothing to do with the oil spill (the Land and Water Conservation Fund and the Historic Preservation Fund). In the version of the bill headed to the House floor, Democrats added brand new language that expressly allows this $30 billion to be earmarked by the Appropriations Committee.

- Raises taxes by over $22 billion in ten years – with the taxes eventually climbing to nearly $3 billion per year. This is a direct tax on natural gas and oil that will raise energy prices for American families and businesses, hurt domestic jobs, and increase our dependence on foreign oil. This tax only applies to U.S. oil and gas production on federal leases – giving an advantage to foreign oil and hurting American energy jobs.

- Requires the federal takeover of state authority to permit in state waters, which reverses sixty years of precedent. The mismanagement, corruption and oversight failures of the federal government are being used as justification to expand federal control by seizing management from the states.

- Allows 10% of all offshore revenues – an amount possibly as high as $500 million per year – to be spent on a new fund controlled by the Interior Secretary to issue ocean research grants (ORCA fund). There is no requirement that the fund is used for the Gulf region or anything related to oil spills or offshore drilling. These funds can be earmarked.

- Establishes "marine spatial planning" regulatory authority – which allows for ocean zoning that could lead to restrictions on fishing, energy production and even onshore activities such as farming. This vague new regulatory authority could cost fishing jobs, energy jobs, manufacturing jobs, farming jobs, and many more jobs that may impact waterways that drain into the ocean.

- The bill includes unlimited spill liability for offshore operators, which could effectively eliminate independent producers from operating offshore if they cannot obtain insurance policies to cover their operations. According to an independent study from IHS Global Insight, "by 2020 an exclusion of the independents from the Gulf of Mexico would eliminate 300,000 jobs and result in a loss of $147 billion in federal, state, and local taxes from the Gulf region over 10 years."

- Democrat leaders also deleted a provision adopted without objection in the House Natural Resources Committee just two weeks ago to establish a bipartisan, independent commission to investigate the oil spill – a provision that has also passed a Senate Committee in a bipartisan vote.

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House Natural Resources Committee Republican Press Office
Contact: Jill Strait or Spencer Pederson
202-226-2311

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